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NEWS RELEASE

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SITING BOARD APPROVES PROPOSED PLANT IN TRIMBLE COUNTY *Application covers portion of proposed expansion at LG&E facility*

FRANKFORT, Ky. (Nov. 16, 2005) – The Kentucky State Board on Electric Generation and Transmission Siting today approved an application to construct a generating plant near Bedford in Trimble County.

Today's action affects the 25 percent ownership interest in the facility to be held jointly by the Illinois Municipal Electric Agency (IMEA) and the Indiana Municipal Power Agency (IMPA). Because IMEA and IMPA would be selling their portion of the plant's output on the wholesale market to their member utilities, they are classified as independent power producers and were required to apply for a certificate from the Siting Board.

The 750-megawatt, coal-fired facility will be built by the Louisville Gas & Electric Co. (LG&E) and the Kentucky Utilities Co. (KU) at LG&E's existing Trimble County Station. The LG&E and KU portion, which falls under the jurisdiction of the Kentucky Public Service Commission (PSC), was approved by the PSC on Nov. 1.

LG&E and KU, which are both subsidiaries of LG&E Energy LLC, will operate the new unit. The Trimble County Station currently includes a 514-megawatt coal-fired unit and six gas turbine generators with a total capacity of more than 900 megawatts. The IMEA and IMPA together own 25 percent of the existing coal-fired unit.

The new unit is expected to cost about \$1.1 billion and be completed by 2010.

In its order approving the plant, the Siting Board noted that the IMEA and IMPA, as well as LG&E and KU, had agreed to abide by several conditions intended to minimize possible negative impacts of the facility on nearby communities and maximize the economic benefits.

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Those conditions include:

- Implementing measures to lessen the impact of construction traffic, including timing of work hours to avoid school and commuter traffic and avoiding the use of those roads most likely to be affected by increased traffic.
- Installing silencers to lessen the noise of “steam blows,” which will be conducted to clear debris from piping before the plant goes into operation.
- To the extent practical and possible, hiring local workers to construct and operate the new plant and utilizing local businesses, particularly those owned by women or minorities.

The Siting Board ordered the applicants to submit an annual report that will outline the economic impacts of the project, including the hiring of local workers, women and minorities, and use of local contractors and other resources. The applicants also are to report annually on complaints from nearby residents and on their efforts to address those complaints.

The order and related documents are available on the Siting Board Web site:

http://psc.ky.gov/agencies/psc/siting_board/merchant.htm

The case number for the IMEA/IMPA application is 2005-00152. The PSC case covering LG&E and KU is number 2004-00507. Case documents are available on the PSC Web site, psc.ky.gov.

The Siting Board is an agency within the Environmental and Public Protection Cabinet. It is charged with reviewing applications for merchant power plants, also known as independent power producers, which sell electricity on the wholesale, unregulated market.

The Siting Board consists of the three members of the Kentucky Public Service Commission (PSC), the secretary of the Kentucky Environmental and Public Protection Cabinet or her designee, the secretary of the Kentucky Economic Development Cabinet or his designee, and two local members appointed by the Governor for each case. The chairman of the PSC serves as chairman of the Siting Board.

The PSC’s 110 employees provide staff and administrative support to the Siting Board.